

*Kentucky Housing Corporation
1999 Annual Report*



Building On Our Strengths

Building On Our Strengths



A Message from the Governor



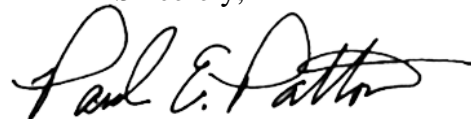
Dear Friends:

Every community's foundation has four cornerstones — jobs, schools, health care and housing — and we congratulate Kentucky Housing Corporation on another successful year of strengthening the Commonwealth through increased affordable housing opportunities. For example, we made history this past year by placing nearly \$5.8 million of unclaimed lottery prize winnings into the Affordable Housing Trust Fund. This amount doubled the total funding the trust fund has received for allocation since its inception in 1992. Thanks to the members of the 1998 General Assembly who passed the legislation that made this transfer of funds possible, hundreds of Kentuckians with critical housing needs are now receiving help.

Renaissance Kentucky, our initiative to help Kentucky communities recapture the spirit of their local heritage, has had an active year with 41 participating cities. Many of these communities have received federal transportation and state funds during the last year for infrastructure planning, utility relocation and façade improvements. The concept of Renaissance Kentucky is working because of the successful partnerships being formed between state and local governments to return our downtowns to vibrant, healthy centers of activity through increased housing, business and cultural opportunities.

Because we know that housing is key to a family's stability, we enthusiastically support the commitment of Kentucky Housing Corporation and its partners to improving the quality of life for all Kentuckians through affordable housing opportunities. Thanks for another successful year!

Sincerely,



Paul E. Patton

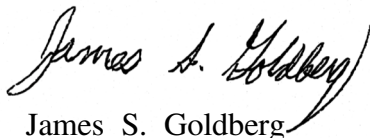
A Message from the Chairman of the Board and the Chief Executive Officer

It's been another record-breaking year with our highest home mortgage production in Kentucky Housing Corporation's history and the largest onetime funding ever for the Affordable Housing Trust Fund (AHTF). Thanks to Governor Paul Patton's commitment to providing a better quality of life for Kentucky's families and legislation passed by the 1998 General Assembly, the AHTF received a portion of unclaimed prize winnings from the Kentucky Lottery Corporation. The year has been filled with rewards as well as challenges and changes.

We have expanded our outreach externally and continued to improve our processes internally. Traditional methods have been analyzed and scrutinized. New possibilities have been researched, and we have searched beyond standard margins for new, unlimited potential. We have built on our strengths by strengthening our partnerships, resources and programs as described in the following pages.

Thanks to you and all of our partners, Kentucky Housing Corporation has served an estimated 150,000 Kentuckians with housing needs. We wish we could say our job is done but, unfortunately, the number of those in need is escalating. With your continued support, however, we will keep building on our strengths to build stronger families and communities throughout the Commonwealth.

Very truly yours,



James S. Goldberg
Chairman of the Board of Directors



F. Lynn Luallen
Chief Executive Officer

Leadership Board of Directors



Bob Arnold

* Commissioner of Local Government



Ben Chandler

* Attorney General



Frank R. Childress

** Financial Institutions



Barbara Curry

** Local Government



James Follace Fields

** Consumers



James Goldberg

** Real Estate Practitioners



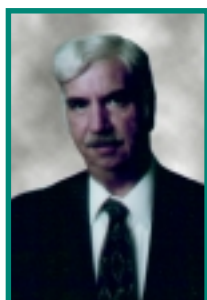
Dr. Stephen L. Henry

* Lieutenant Governor



Tommy Johns

** Home Construction Industry



Sam Lee

** Manufactured Housing



John P. McCarty

* Secretary of Finance and Administration



Phyllis Pack

** Kentucky State Building Trades Council



Porter G. Peeples, Sr.

** Homeless



Sarah Jane Schaaf

* Secretary of Revenue



Marvin E. Strong, Jr.

* Secretary of Economic Development



(back, l-r) James R. Ackinson, Chief Financial Officer;
Sue Lowery, Chief Information Technology Officer;
J. Kathryn Peters, Chief Administrative Officer;
Richard L. McQuady, Chief Program Officer;
(front, l-r) James Goldberg, Chairman of the Board;
and F. Lynn Luallen, Chief Executive Officer

* Ex Officio

** Representative of designated interest

Building On Our Strengths

Kentucky Housing Corporation's mission constantly challenges the Board of Directors and staff to produce more and serve more. This past year offered multiple diverse challenges that expanded and strengthened our innovative potential. Thanks to the predetermined guidance established by the annual Scope of Work and the forward mind-set generated by our corporate culture, goals were met, records were broken and changes were managed.

In developing the initial Scope of Work three years ago, which is reviewed and updated annually, the following six strategies were identified to chart our direction.

- ▶ Optimizing Financial Resources
- ▶ Cultivating Partnerships and Community Outreach
- ▶ Preparing for the Future
- ▶ Promoting Self-Sustaining Households
- ▶ Maintaining a Progressive Organization
- ▶ Increasing Affordable Housing Opportunities

Each strategy is integral to fulfilling our mission — much like the steps in constructing a home as illustrated in this annual report. It takes all of our partners, customers, staff and Board of Directors working together, each making a unique but vital contribution, to complete the construction. Think of it as a six-room house with the foundation of each room based on an individual strategy. Each room is then filled to capacity with activities and achievements that fulfill an individual purpose.

Through research, planning, education, coordination, collaboration, innovation and outreach, these individual rooms then collectively become a symbol of hope, stability, warmth, growth and pride for the residents sheltered therein. We are pleased to present to you some highlights featured in the following pages that depict the end result — another year of improving the quality of life through safe, decent, affordable housing for Kentuckians.

Optimizing Financial Resources

- ▶ **Mortgage Revenue Bonds totaling \$94 million helped 2,892 families last year become homeowners through lower-than-market interest rate loans with Kentucky Housing Corporation (KHC).**



- ▶ **A U.S. Department of Housing and Urban Development (HUD) grant of \$290,281 provided financial guidance to 141 families through 283 homeownership counseling sessions. The grant additionally helped extend KHC's homeownership education program and services to 714 graduates throughout the state.**

- ▶ **Governor Paul Patton's downtown revitalization program, Renaissance Kentucky, which has 41 participating communities, received \$3 million in state funds for infrastructure planning, utility relocation and façade improvements, plus \$5 million in federal Transportation Enhancement funds.**

- ▶ **A loan servicing portfolio of 12,776 assisted the Corporation in meeting the operations and administration expenses that support KHC's low-rate mortgage, homeownership education/counseling, rental assistance, rental production and housing rehabilitation and repair programs.**

Building On Our Strengths



▶ The Corporation's Affordable Housing Trust Fund (AHTF), which serves Kentucky's lowest-income families with critical housing needs, received \$5.8 million (\$2.3 in FY '99) in unclaimed Kentucky Lottery prize money during the 1999 biennium thanks to legislation passed by the 1998 General Assembly.

▶ The AHTF also received \$800,000 from the state's Mental Health/Mental Retardation Department to assist Kentuckians with mental illness who have housing needs.

Optimizing Financial Resources

▶ A total of over 2,000 families have been served by the AHTF through local governments, housing authorities, nonprofit organizations and statewide housing assistance organizations with the acquisition, rehabilitation and construction of new housing; meeting funding requirements; and supporting administrative costs.

Cultivating Partnerships & Community Outreach

- ▶ **Women in Construction** is a program in partnership with the Kentucky Cabinet for Families and Children and Cabinet for Workforce Development that trains former welfare recipients in home construction trades. This program not only helps women become free of government assistance but also increases the Commonwealth's supply of affordable housing. To support this partnership effort, KHC provides funding for the construction trainers' salaries.

- ▶ The Governor's Renaissance Kentucky program is administered by an alliance of agencies including Kentucky Housing Corporation, Transportation Cabinet, Kentucky Heritage Council, Department for Local Government and Kentucky League of Cities with 41 participating communities.



- ▶ KHC provides regular training opportunities and hosts periodic partnership forums across Kentucky for rental production developers, local government representatives, nonprofit organizations, lenders, real estate agents, home buyers, rental property managers and owners, home builders and other housing and related services representatives.

- ▶ The Corporation also presents two annual statewide meetings — the Governor's Housing Conference and the Housing Management Conference — with over 600 in attendance at each to discuss program updates, to provide new program instruction and to facilitate idea exchanges.

Building On Our Strengths



- ▶ **KHC maintains an ongoing partnership with Habitat for Humanity. Last year, the Corporation provided nearly \$30,000 and approximately 500 hours of volunteer labor to blitz builds in Louisville and Paducah.**

- ▶ **Individual employees are also traditionally generous in community outreach efforts as demonstrated by collective corporate contributions of \$13,252 to the Kentucky Employees Charitable Campaign; \$1,824 to Big Brothers/Big Sisters; and holiday gifts for 26 children at St. Joseph's Orphanage in Louisville.**

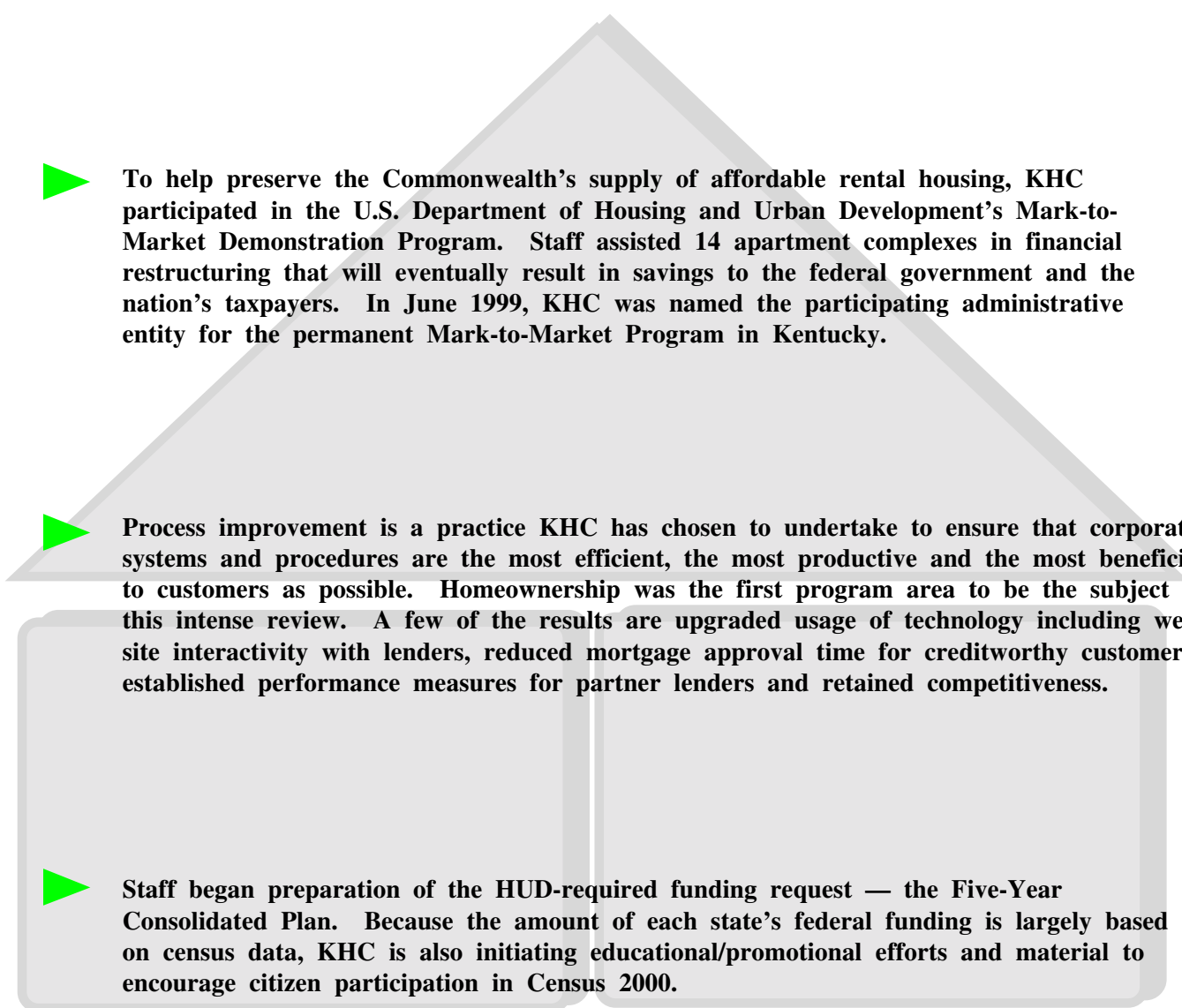
**Cultivating
Partnerships
and
Community
Outreach**

Preparing for the Future



- ▶ To assist more Kentuckians with rental assistance (beyond the 15,636 already being served), KHC is administering 400 additional certificates to help families during the transition from welfare to work.
- ▶ To encourage more families to become economically independent, KHC has nearly doubled its maximum number of Family Self-Sufficiency Program participants to 470.
- ▶ To provide rental assistance to more Kentuckians with special needs, KHC is administering 200 vouchers for families with disabled members.
- ▶ KHC continues urging Congress to increase the amount of private activity bond capacity and Housing Credit allocation received by each state. Eighty-seven percent of Kentucky's Congressional delegation supports these increases.
- ▶ Becoming Y2K compliant was an expansive undertaking for the Corporation to ensure that all systems will remain operational without interruption of services to KHC customers.

Building On Our Strengths

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- ▶ To help preserve the Commonwealth's supply of affordable rental housing, KHC participated in the U.S. Department of Housing and Urban Development's Mark-to-Market Demonstration Program. Staff assisted 14 apartment complexes in financial restructuring that will eventually result in savings to the federal government and the nation's taxpayers. In June 1999, KHC was named the participating administrative entity for the permanent Mark-to-Market Program in Kentucky.
 - ▶ Process improvement is a practice KHC has chosen to undertake to ensure that corporate systems and procedures are the most efficient, the most productive and the most beneficial to customers as possible. Homeownership was the first program area to be the subject of this intense review. A few of the results are upgraded usage of technology including web site interactivity with lenders, reduced mortgage approval time for creditworthy customers, established performance measures for partner lenders and retained competitiveness.
 - ▶ Staff began preparation of the HUD-required funding request — the Five-Year Consolidated Plan. Because the amount of each state's federal funding is largely based on census data, KHC is also initiating educational/promotional efforts and material to encourage citizen participation in Census 2000.



Preparing
for
the
Future

Promoting Self-Sustaining Households

- ▶ **Through the Shelter Plus Care, Emergency Shelter Grant, Supportive Housing, Housing Opportunities for People With AIDS and KHC Homeless Matching and Maintenance of Effort Grant Programs, 25,000 Kentuckians with housing needs are being served.**
- ▶ **Repair Affair is a volunteer-driven, community-based program that helps low-income homeowners with home repairs (roofing, wiring, plumbing, window replacements, etc.) including the installation of accessibility features. During the last year, 161 homes were repaired in 25 participating communities with \$113,883 in leveraged funds.**



Building On Our Strengths

- ▶ **KHC supports financially struggling families through housing assistance so they can devote more time and energy to upgrading their job skills. To encourage more families to become economically independent, KHC offers this support through the Family Self-Sufficiency Program that currently serves up to 470 families. These families are also provided homeownership education to learn the economic advantages of owning a home. Nearly 60 percent of all program graduates have purchased homes.**

- ▶ **KHC's Homeownership Counseling Program created a 71-member statewide network of certified counselors who in the last year conducted 283 financial counseling sessions to help potential home buyers prepare for the responsibilities of homeownership.**

Promoting Self-Sustaining Households

- ▶ **Yes You Can ... Own A Home is KHC's homeownership education program that offers home buyers instruction on budget and credit issues, applying for a home loan, choosing the right home to purchase and home maintenance. The classes, voluntarily taught by local housing professionals, are free and offered in communities throughout the state. Last year alone, nearly 30 percent of the 714 Yes You Can graduates became homeowners.**

Staff

www.kyhousing.org

James Ackinson, Lisa Allen, Carole Andolina, Jessica Arden, Rhonda Arthur, Butch Arvin, Mary Jean Atchison, Elsie Banks, Rob Barr, Linda Beeler, Jackie Black, Kim Blevins, Susan Brooks, Tina Brooks, Laura Lee Brother, Judy Brough, Della Brown, Janice Brown, Robert Brown, Lisa Buchanan, Annamaria Budzinski, Katrina Burch, James Burris, Kimberly Burris, Mary Carol Burris, Elaine Bustin, Angela

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Building On Our Strengths



- ▶ To attract and keep highly skilled, dedicated employees, KHC has an extended focus on employee development and training. Every employee is encouraged to complete an individual employee development plan to receive guidance in reaching their career goals. Employee development staff offer training direction and coordinate an array of in-house training including computer usage, supervisory skills and customer service. In the last year, 200 in-house training sessions were held which averages about one session per employee. Employees also receive an evaluation every six months to help ensure that job goals and professional goals are being met.

Maintaining a Progressive Organization

- ▶ Many of KHC's internal systems have also been updated to increase customer service. Optical imaging continues to spread throughout the Corporation eliminating multitudes of hard copy files while providing quicker, easier access to information. New accounting and rental assistance software programs have been installed, the telecommunications system has been upgraded and an internal/external communications plan has been implemented.

Increasing Affordable Housing Opportunities

- ▶ **Nearly 15,700 Kentuckians were served through rental assistance programs last year plus 800 more through additional welfare-to-work, self-sufficiency and disabled family member vouchers and certificates.**
- ▶ **Over 1,800 new units of affordable housing were created through rental production programs.**
- ▶ **This was KHC's largest homeownership production year ever with 2,892 home loans utilizing over \$188 million. To help other Kentuckians understand home purchase procedures and benefits, over 1,120 families received guidance from KHC's homeownership education/counseling and self-sufficiency programs.**

- ▶ **To increase the availability of affordable single-family homes, KHC encourages Kentucky's home builders by offering low-rate construction loans to those who agree to build homes within the current KHC purchase price limit and to sell them to KHC-income eligible buyers. Last year, 140 construction loans were approved.**



Building On Our Strengths

Increasing Affordable Housing Opportunities

▶ More than 25,000 Kentuckians are being served by specialized housing programs including the Emergency Shelter Grant and Shelter Plus Care programs.

▶ The HOME Investment Partnerships Program has provided assistance to over 1,800 families since 1992, and 248 families have been served through the Kentucky Appalachian Housing Program.

▶ The 1998 Kentucky General Assembly passed legislation that placed all unclaimed lottery prize money in excess of \$6 million into KHC's Affordable Housing Trust Fund during the current biennium. The amount is predicted to total more than double what the trust fund has been allocated since its origination in 1992. It is anticipated — with this funding boost — that the trust fund will help create over 3,300 units of housing for Kentucky families with critical housing needs by the end of the biennium.

Building On Our Strengths



Mission

Kentucky Housing Corporation was created to provide safe, decent, affordable housing opportunities for very low-, low- and moderate-income Kentuckians. Recognizing that housing is a basic human need, KHC is committed to pursue all partnerships and resources necessary to promote, develop and provide affordable housing, thereby improving the quality of life for all Kentuckians.

Values

Respect: *We treat each other and our customers with respect and dignity, always valuing individual and cultural differences. We communicate frequently and with candor, listening to each other and our customers regardless of individual circumstances. We encourage the use of our individual capabilities to the fullest to satisfy our customers.*

Commitment: *We build successful relationships and partnerships by serving each other and our customers better each time than the time before.*

Integrity: *We are honest and ethical in all our dealings with our customers and each other. We keep promises and admit mistakes. Our individual conduct collectively ensures that KHC is worthy of public trust.*

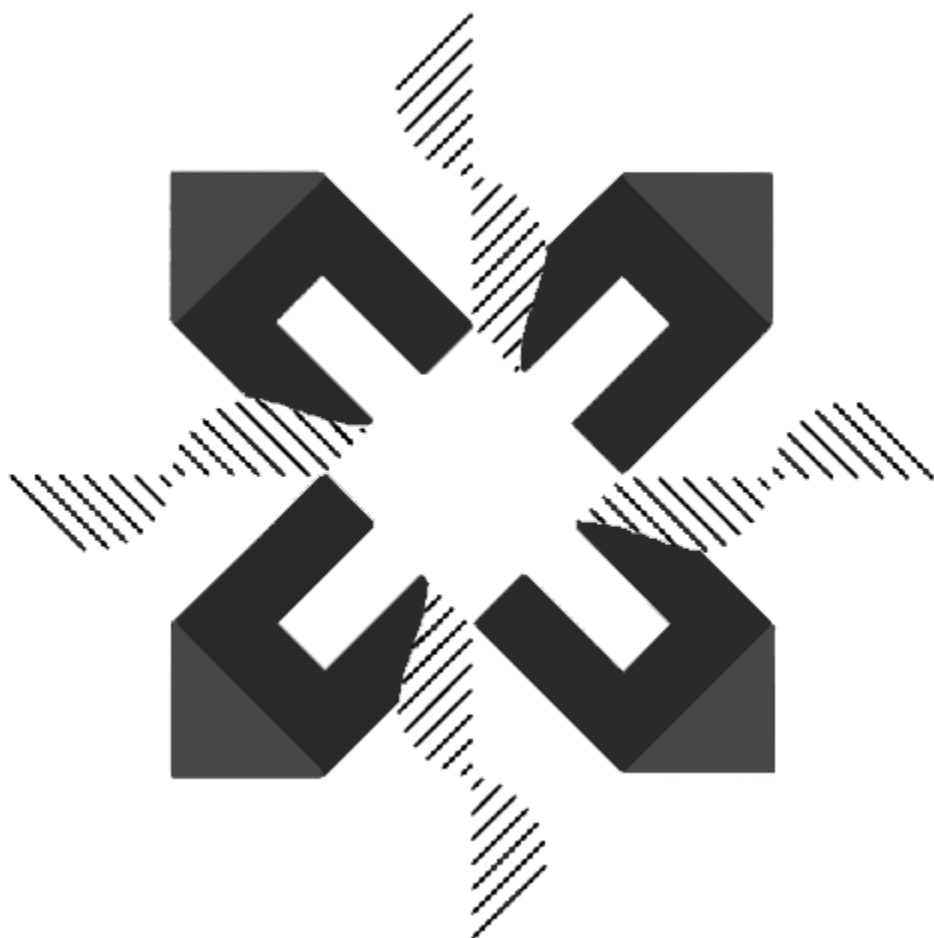
If you would like a copy of Kentucky Housing Corporation's
1999 Annual Financial Statements,
please call Paula Johnson at (502) 564-7630, extension 273,
or e-mail pjohnson@kyhousing.org.



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